

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: 7/1/17 to 7/31/17

MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit / Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements			Available upon request	
Cash disbursements journals			Available upon request	
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Post-petition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Post-petition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

See accompanying notes on following page.

Note:

The financial information provided in this Monthly Operating Report ("MOR") is provided based on the best information available, the source of which is unaudited and untested. If the books and records were audited or tested further, the information provided may differ from that presented in this MOR, possibly by material amounts.

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual*

Date

Robert S. Rosenfeld

Chief Restructuring Officer

Printed Name of Authorized Individual

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

In re:

Chapter 11

DOWLING COLLEGE

Case No. 16-75545 (REG)

Debtor.

**GLOBAL NOTES REGARDING
DEBTOR'S MONTHLY OPERATING REPORT**

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in this chapter 11 case and is in a format acceptable to the United States Trustee. The financial information contained in the MOR is preliminary and unaudited, and as such may be subject to revision. The information in the MOR should not be viewed as indicative of future results.

The accompanying Preliminary Unaudited Financial Statements of Dowling College have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America using information from the Debtor's accounting sub ledger and general ledger systems.

While Debtor's management has made reasonable efforts to ensure that the MOR is accurate and complete, based upon information that was available to them at the time of preparation, subsequent information may result in material changes to the MOR. Moreover, because the MOR contains unaudited information, which is subject to further review and potential adjustment, there can be no assurance that this MOR is complete. The Debtor reserves all rights to amend the MOR from time to time, in all respects, as may be necessary or appropriate. These global notes regarding the Debtor's MOR ("Global Notes") comprise an integral part of the MOR and should be referred to and considered in connection with any review of the MOR.

Specific Notes.

Endowment Funds. Temporarily restricted net assets consist of various donor-restricted amounts for academic programs, scholarships, and revenue for future periods (i.e., contributions receivable and accumulated gains on endowment funds). Permanently restricted net assets represent endowment corpus, which provides investment income principally for scholarships. Dowling's endowment consists of approximately 55 individual funds established for a variety of purposes, including donor-restricted endowment funds. Dowling's management and investment of donor-restricted endowment funds is subject to the provisions of New York Prudent Management of Institutional Funds Act (NYPMIFA).

Pursuant to the investment policy approved by the board of trustees of Dowling, Dowling has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund, as Dowling deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Dowling records the remaining portion of the donor-restricted endowment fund that is not permanently restricted, as temporarily restricted until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Levied Bank Accounts. Prior to the Petition Date, the Debtor's funds on deposit at TD Bank, NA (approximately \$506,000) that were included in 4 separate bank accounts were removed from the accounts and placed in separate holding accounts by TD Bank, NA in accordance with its internal procedures and following receipt of certain Restraining Notices served pursuant to NY CPLR Section 5222(b) filed by certain prepetition judgment creditors. Included in these restrained funds may have been certain restricted funds. Consistent with the Final Cash Management Order referred to above, the Debtor is in the process of evaluating the restrictions on these funds. The Debtor transferred these funds to four new DIP accounts maintained at Signature Bank in the same amounts and titles of the accounts that were maintained at TD Bank.

Pending Sale of Oakdale Campus. On the Petition Date, the Debtor filed a motion requesting the entry of, among other things, bidding procedures and bidder protections for the sale of the Oakdale Campus (the "Sale Motion") [DE 13]. On December 16, 2016, the Court entered an order approving, in part, the Sale Motion (the "Bidding Procedures Order") [DE 111], which approved, among other things, bidding procedures for the sale of the Oakdale Campus (the "Bidding Procedures").

The Debtor conducted an auction (the "Auction") on April 4, 2017 pursuant to the Bidding Procedures Order. The Auction was resulted in a high bid of \$26,500,000 by Princeton Education Center LLC ("Princeton"). The second highest bid was \$26,100,000, submitted by NCF Capital Limited ("NCF"). On April 6, 2017, the Debtor, after extensive consideration by and consultation with representatives of the Creditors' Committee and the DIP Lenders, determined to close the Auction formally and designated Princeton to be the Successful Bidder and NCF to be the Backup Bidder, subject to confirmation by the Board of Trustees of Dowling College (the "Board").

After the Auction, in accordance with the Bidding Procedures, Princeton increased the deposit being held by the Debtor such that it equaled 5% of the Princeton Purchase Price. Debtor's counsel held \$1,325,000.00 in its escrow account on account of Princeton's deposit (the "Princeton Deposit"). On April 10, 2017, the Court held a hearing to consider the Sale Motion and on April 12, 2017 the Court entered an order approving the sale of the Oakdale Campus free and clear of all liens, claims, encumbrance and other interests to Princeton pursuant to the Princeton APA (the "Sale Order") [DE 285].

The Princeton Asset Purchase Agreement ("Princeton APA") expressly provided that the closing shall take place within thirty (30) days after satisfaction or waiver of all conditions to the obligations of the Debtor and Princeton, time being of the essence. The deadline to close the contemplated sale transaction (the "Princeton Sale") was May 26, 2017. By letter dated May 26, 2017, Princeton's counsel requested an extension of the closing date by three (3) weeks to June 16, 2017 in order to assemble the funding necessary to consummate the Princeton Sale (the

“Extension Request Letter”). In response to the Extension Request Letter, by letter dated May 26, 2017 for delivery on May 30, 2017, the Debtor, in consultation with the Creditors’ Committee and the DIP Lenders, notified Princeton of its breach of the Princeton APA (the “Breach Notice”). The Breach Notice informed Princeton that (i) the Debtor intended to terminate the Princeton APA if the Princeton Sale did not close within fifteen (15) business days, as provided for in Section 12.1(c)(ii) of the Princeton APA and (ii) if the Princeton APA is terminated then the Debtor would retain the Princeton Deposit as liquidated damages, as provided for in Section 3.2 of the Princeton APA and the Bidding Procedures Order. Therefore, the deadline for Princeton to close the Princeton Sale was June 20, 2017 (the “Termination Date”).

On June 19, 2017, Princeton notified the Debtor that the closing would not occur on June 20, 2017 because it did not have the funds necessary to close the Princeton Sale. Princeton failed to close the Princeton Sale by 12:59 p.m. on the Termination Date. Thereafter, by letter dated June 21, 2017, due to Princeton’s failure to close the Princeton Sale, the Debtor, in consultation with the Creditors’ Committee and the DIP Lenders, terminated the Princeton APA (the “Termination Letter”). As result of Princeton’s breach and subsequent termination, pursuant to the terms of the Princeton APA the Debtor was authorized to retain the Princeton deposit of \$1,325,000. These funds were transferred from the Debtor’s counsel’s escrow account to the Debtor’s cash accounts during July 2017. Pursuant to the DIP financing Order, during August 2017, these funds were subsequently transferred to UMB, as Trustee for the post petition DIP lenders as a Mandatory Prepayment.

Back-up Bidder

The Bidding Procedures Order provided that if Princeton, as the Successful Bidder failed to consummate the Princeton Sale, then NCF, as the Backup Bidder, was automatically deemed to have submitted the highest or otherwise best bid. By letter dated June 21, 2017, due to Princeton’s failure to close the Princeton Sale, the Debtor, in consultation with the Creditors’ Committee and the DIP Lenders, determined to proceed with NCF as the Backup Bidder and notified NCF that it had been deemed the Successful Bidder in accordance with the Bidding Procedures Order (the “NCF Letter”). On July 14, 2017, the Court entered a Supplemental Sale Order (i) establishing Mercury International, LLC¹, as assignee of NCF Capital Limited as the Successful Bidder and (ii) authorizing the Debtor to enter into and perform under the NCF APA. The Debtor’s counsel is currently holding, in escrow, a deposit in the amount of \$1,305,000 (the “Deposit”) from NCF relating to the NCF Asset Purchase Agreement. The Debtor is currently awaiting to close on the sale of the Oakdale Campus with NCF.

Sale of Residential Properties. Pursuant to Court Order, during December 2016, January 2017, April 2017, May 2017 and June 2017, the Debtor sold 14 residential properties located near the Oakdale, Long Island Campus. In accordance with the Court Order, the net proceeds (after closing costs and realtor commissions relating to these sales) were paid directly to the secured lender that held the lien on these properties. Following is a summary of the funds relating to these sales:

¹ On July 12, 2017, NCF gave the Debtor notice that it had assigned all of its rights and obligations in and to the NCF APA, including, but not limited to, the Deposit (as defined in the NCF APA), to Mercury International, LLC, a Delaware limited liability company, pursuant to section 14.5 of the NCF APA.

**Sale of Residences
Summary Closings to Date**

	Month Closed	# of sales	Total Sales Price	Net Buyer/(Seller) Credits	Broker Commission	Real Estate Tax Credit Seller	Rent Owed	Paid to Secured Lender
2016	December	5	1,594,500	25,919	63,060	-	10,931	1,516,452
2017	January	3	1,143,000	12,681	37,010	6,504	12,915	1,112,728
2017	April	1	610,000	5,058	24,400	-	-	580,542
2017	May	1	394,000	-	15,760	424	-	378,664
2017	June	4	1,330,500	(295)	53,220	13,106		1,290,682
Total		14	5,072,000	43,362	193,450	20,034	23,846	4,879,068

(1) Includes realtor commissions and other closing costs.

Self-Insured Medical and Dental benefit plan. The Debtor maintained self-insured employee medical and dental benefit plans (the “Health Plans”). Under the provisions of the Health Plans, two third party administrators, CIGNA and Health Plex, provided claims processing and administrative functions, for the Medical and Dental coverage, respectively. Upon the closing of the Debtor’s operations in June 2016, this Health Plan was terminated. The U.S. Department of Labor is in the process of evaluating the outstanding unpaid claims under these Health Plans. As of the Petition Date, the Debtor was unable to quantify the total amount of claims to be potentially asserted in relation to the termination of the Health Plans due to, among other reasons, the fact that many claims may be unqualified for coverage or disallowed under the Health Plan. In addition, the Debtor’s, former third party administrators (“TPA’s”) of the Health Plans have stated that they will not agree to process the associated claims. Finally, the Debtor is presently unable to determine which parties actually hold the claims for monetary loss associated with the Health Plans termination, if any. Until further analysis can be performed, the Debtor has disclosed this issue herein, without quantification of the amounts due.

Oakdale Residential Houses - Tenant Receivables

As of July 31, 2017, the Debtor maintained 3 houses that were occupied by holdover tenants under what were most recently month to month lease arrangements. During the liquidation process, the Debtor has determined that it will need to vacate the holdover tenants occupying these houses in order to maximize the liquidation value of the same. As landlord, the Debtor commenced the process of vacating the holdover tenants in these properties. Two of the remaining holdover tenants are scheduled to vacate these premises during August 2017 and the beginning of September. The other holdover tenant is in the process of attempting to purchase the property they currently occupy.

Student Receivables

The Debtor continues to evaluate the collectability of its receivables due from former students of the College. The Debtor's balance sheet may not reflect the ultimate realization experience of such receivable balances. The Debtor continues to explore ways to maximize value of these receivables.

Pending Litigation

The Debtor is subject to lawsuits and claims that arise out of its operations in the normal course of business. The Debtor is a defendant in various litigation matters, some of which involve claims for damages that are substantial in amount. The Debtor believes it has meritorious defenses to the claims made and intends to contest the claims vigorously. Currently, the Debtor is unable to express an opinion as to the likely outcome of this litigation; therefore, as required by authoritative accounting guidance, no liabilities are reflected in the accompanying unaudited financial statements related to these claims. An unfavorable outcome could have a materially adverse effect on the Debtor's financial position and results of operations.

In re: Dowling College
Schedule of Cash Receipts and Disbursements

MOR-1
CASE NO. 16-75545 (REG)
REPORTING PERIOD: JUNE 2017

	BANK ACCOUNTS											
	Signature - Operating - 5448	Signature - TL A - 5456	Signature-TL B - 5464	Signature - TL C - 5472	Signature - TL D - 5480	Signature-Flex Spending Acct- 3912 (1)	Signature - Student Activity Acct - 3947 (1)	Signature-Sewage Treatment Replacement Acct- 3920 (1)	Signature-Sewage Treatment Reserve Acct - 3939 (1)	Signature-Real Estate Proceeds Account - 3826	Capital One-6182 (2)	US Bank -1467 (4)
CASH BEGINNING OF PERIOD	\$ 27,183	\$ 135,298	\$ 16,395	\$ 1,519	\$ 24,569	\$ 16,157	\$ 368,199	\$ 60,516	\$ 60,560	\$ -	\$ 53,579	\$ 409,158
RECEIPTS												
Cash Receipts	\$ 11,560											
Perkins Loan Repayments and charges												\$ 2,484
Net Transfers From/(To) Accounts	501,653	(151,726)	(27,542)	(6,299)	(316,087)							
DIP Funding		76,500	18,200	17,000	298,807							
Proceeds from sale of real estate												
Receipt/return of security deposits from tenants											(38,534)	
Voided checks												
Other										1,325,029	26	
Total Receipts	\$ 513,214	\$ (75,226)	\$ (9,342)	\$ 10,701	\$ (17,280)	\$ -	\$ -	\$ -	\$ -	\$ 1,325,029	\$ (38,508)	\$ 2,484
DISBURSEMENTS												
Payroll & Benefits	44,382											
Telephone and cable	9,977											
Outside Services	5,190											
Landscaping & Snow Removal	5,250											
Utilities	41,099											
Security	69,574											
Fire & Safety												
Repairs & Maintenance	25,193											
Insurance	35,058											
Chemical Removal												
Waste Removal	3,370											
Sewage Treatment	100											
Property Taxes												
Permits & licenses	610											
Payroll Processing	277											
Union Benefits	219											
Computer expense	19,000											
Office Supplies												
Finance Fees												
Debt Paydowns												
Retained Professionals	135,994											
Claims Noticing Agent												
Interim Management-CRO	75,140											
Bank Charges												80
Storage	351											
Other	640											
Return of Tenant security deposits												
Real estate cost of sales												
US Trustee Fees	10,400											
Other Bankruptcy Related Charges												
Total Disbursements	\$ 481,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80
Net Cash Flow	\$ 31,388	\$ (75,226)	\$ (9,342)	\$ 10,701	\$ (17,280)	\$ -	\$ -	\$ -	\$ -	\$ 1,325,029	\$ (38,508)	\$ 2,404
Cash - End Of Period⁽⁴⁾	\$ 58,571	\$ 60,072	\$ 7,053	\$ 12,220	\$ 7,289	\$ 16,157	\$ 368,199	\$ 60,516	\$ 60,560	\$ 1,325,029	\$ 15,071	\$ 411,562

(1) Debtor is currently investigating if these funds are restricted.

(2) Bank accounts maintained for tenant security deposits.

(3) Pursuant to Court Order, proceeds from the sale of the Debtor's residential real estate located in Oakdale, NY were paid directly to the secured lender that held the liens on these properties.

Since the funds were paid directly to the lender and third parties, no funds related to these transactions flowed through the Debtor's bank accounts.

(4) Bank account relates to Perkins Title IV loan proceeds, repayments, and other charges to students relating to federal loan funding. Student loan repayment activity is managed by a third party servicer that tracks repayments and funds deposited into the US Bank account.

In re: Dowling College
Schedule of Cash Receipts and Disbursements

MOR-1
CASE NO. 16-75545 (REG)
REPORTING PERIOD: JUNE 2017

		CURRENT PERIOD	CUMULATIVE FILING TO DATE
	Cash Activity occurring through UMB through Residential Sales (3)	ACTUAL	ACTUAL
CASH BEGINNING OF PERIOD	\$ -	\$ 1,173,133	\$ 1,045,272
RECEIPTS			
Cash Receipts		11,560	666,539
Perkins Loan Repayments and charges		2,484	132,331
Net Transfers From/(To) Accounts		-	(0)
DIP Funding		410,507	4,481,237
Proceeds from sale of real estate		-	5,290,991
Receipt/return of security deposits from tenants		(38,534)	(23,275)
Voided checks		-	7,136
Other		1,325,055	1,351,489
Total Receipts	\$ -	\$ 1,711,073	\$ 11,906,447
DISBURSEMENTS			
Payroll & Benefits		44,382	419,944
Telephone and cable		9,977	111,869
Outside Services		5,190	38,516
Landscaping & Snow Removal		5,250	98,873
Utilities		41,099	507,042
Security		69,574	629,516
Fire & Safety		-	72,116
Repairs & Maintenance		25,193	151,643
Insurance		35,058	313,790
Chemical Removal		-	41,501
Waste Removal		3,370	13,561
Sewage Treatment		100	28,601
Property Taxes		-	164,271
Permits & licenses		610	1,094
Payroll Processing		277	9,672
Union Benefits		219	4,202
Computer expense		19,000	38,574
Office Supplies		-	2,713
Finance Fees		-	116,000
Debt Paydowns		-	5,688,314
Retained Professionals		135,994	845,565
Claims Noticing Agent		-	172,560
Interim Management-CRO		75,140	692,697
Bank Charges		80	1,174
Storage		351	19,800
Other		640	13,102
Return of Tenant security deposits		-	23,437
Real estate cost of sales		-	276,312
US Trustee Fees		10,400	28,275
Other Bankruptcy Related Charges		-	24,686
Total Disbursements	\$ -	\$ 481,906	\$ 10,549,419
Net Cash Flow	\$ -	\$ 1,229,167	\$ 1,357,029
Cash - End Of Period⁽⁴⁾	\$ -	\$ 2,402,300	\$ 2,402,300

**In re: Dowling College
Bank Reconciliations**

CASH AND MARKETABLE SECURITIES								
	Signature - Operating - 5448	Signature - TL A- 5456	Signature-TL B- 5464	Signature - TL C- 5472	Signature - TL D- 5480	Capital One-6182 (2)	Signature-Flex Spending Acct- 3912	Signature - Student Activity Acct - 3947
Balance Per Bank	\$ 117,706	\$ 60,072	\$ 7,053	\$ 12,220	\$ 7,289	\$ 15,071	\$ 16,157	\$ 368,199
Deposits in Transit	-	-	-	-	-			
Outstanding Checks and Charges	(59,135)							
Other (List)	-	-	-	-	-			
Balance per Books	58,571	60,072	7,053	12,220	7,289	15,071	16,157	368,199

See Notes on MOR-1

**In re: Dowling College
Bank Reconciliations**

	Signature-Sewage Treatment Replacement Acct- 3920	Signature-Sewage Treatment Reserve Acct - 3939	Signature-Real Estate Proceeds Account - 3826	US Bank -1467 (4)	Total
Balance Per Bank	\$ 60,516	\$ 60,560	\$ 1,325,029	\$ 411,562	\$ 2,461,435
Deposits in Transit					\$ -
Outstanding Checks and Charges					\$ (59,135)
Other (List)					\$ -
Balance per Books	60,516	60,560	1,325,029	411,562	2,402,300

See Notes on MOR-1

In re: Dowling College

MOR-1b
Case No. 16-75545 (REG)
Reporting Period: 7/1/17 to 7/31/17

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month.

Payee	Period Covered	Amount Covered	Amount Paid		Cumulative Filing to Date	
			Fees	Expenses	Fees	Expenses
Klestadt, Winters, Jureller, Southard & Stevens	11/29/16 to 12/31/16	80%			\$ 114,131	\$ 2,822
Klestadt, Winters, Jureller, Southard & Stevens	May 2017	80%	106,906	1,020	\$ 508,716	\$ 8,030
Silverman Acampora, LLP	May 2017	80%	23,914	64	\$ 225,100	\$ 418
FPM Group	May 2017	80%	3,690	400	\$ 29,869	\$ 13,360
Eichen & Dimeglio PC	Jan thru March 2017	80%			\$ 28,926	\$ 541
Total (Excluding Duplicates)			\$ 134,510	\$ 1,484	\$ 906,742	\$ 25,172

MOR 2

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: 7/1/17 to 7/31/17

STATEMENT OF OPERATIONS

(Income Statement)

UNAUDITED

	June 2017	CUMULATIVE FILING TO DATE
<u>Income</u>		
Rental Income	\$ 2,250	\$ 573,861
Charges on Student billing & Other Income	496	9,163
Total Income	<u>2,746</u>	<u>583,024</u>
<u>Expenses:</u>		
Gross Payroll	41,668	418,370
Bank Charges	80	1,737
Brookhaven Dorm Maintenance	2,809	56,863
Employee Benefits	-	(591)
Environmental - Phase I	-	2,500
Fire & Safety Maintenance	45	71,869
Licenses & Permits	610	1,154
Payroll Tax Expense	3,166	32,046
Real Estate Taxes	11,390	228,372
Repair & Maintenance	23,279	85,356
Security	86,912	701,490
Sewage Treatment	100	27,944
Telephone & Cable	11,137	73,266
Union Dues	264	3,801
Office Supplies	-	3,320
Computer Supplies & expense	19,284	38,858
Electric/Gas	57,311	548,125
Fuel Oil	-	14,648
Water	(753)	10,087
Insurance Expense	35,058	293,518
Waste Removal	590	13,781
Snow Removal	-	66,505
Grounds Maintenance	7,700	32,368
Chemical Waste Removal	-	39,001
Payroll Processing	277	9,553
Storage	351	19,111
Taxes & Licenses	866	1,529
Misc. Expense	833	4,891
Outside services	14,928	29,300
Bad Debt Expense	-	31,700
Temporary Help	5,820	31,121
Total Expense	<u>323,725</u>	<u>2,891,594</u>
Net Ordinary Income	(320,979)	(2,308,570)
<u>Other Income:</u>		
Gain on Sale of Resid. Houses	-	4,466,509
Marketing cost on sale of real estate		(66,268)
Interest & Dividends Earned	920	5,373
Change in Unrealized Gain/Loss	-	67,383
Miscellaneous Income	1,325,000	1,333,396
Total Other Income	<u>1,325,920</u>	<u>5,806,392</u>

MOR 2

In re: Dowling College

Case No. 16-75545 (REG)
 Reporting Period: 7/1/17 to 7/31/17

STATEMENT OF OPERATIONS
 (Income Statement)
UNAUDITED

	June 2017	CUMULATIVE FILING TO DATE
<u>Other Expense</u>		
Professional Fees - Chapter 11	184,847	1,574,063
Claims Noticing Agent	(13,562)	197,036
Bankruptcy Advertising Costs	-	24,686
US Trustee Fees	10,400	28,275
Site Planner Consulting expense	17,027	70,501
Financing Fees	-	120,058
Bond Agent Administration expense	9,957	25,171
Interim Management-CRO	89,482	808,241
Total Other Expense	298,151	2,848,029
Net Other Income	1,027,768	2,958,363
Net Income	\$ 706,789	\$ 649,793

See Notes to Financial Statements.

MOR 3

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: June 30, 2017

**BALANCE SHEET
UNAUDITED**

	Current Month	As of Filing Date
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 2,402,737	\$ 1,045,272
Rent Receivable	54,200	64,105
Escrow deposits on pending sales	90,000	-
Accounts Receivable-Other	165,907	165,907
Pledges Receivable	1,798,341	1,798,341
Prepaid Expense	651,599	753,091
Prepaid Retainers	48,520	258,659
Student Receivables-net of allowance	726,558	848,807
Total Current Assets	5,937,863	4,934,183
Plant assets, net	48,715,407	49,102,183
<u>Other Assets</u>		
Closing Costs - Bonds	2,279,438	2,279,438
Perkins Loans Receivable	1,882,186	1,962,610
Investments	5,859,397	5,789,365
Deposits	36,500	36,500
Total Other Assets	10,057,521	10,067,913
Total Assets	\$ 64,710,791	\$ 64,104,279
<u>LIABILITIES & EQUITY</u>		
<u>Liabilities - Not Subject To Compromise</u>		
Accounts Payable	\$ 105,301	\$ -
Accrued Expenses-other	50,351	-
Accrued Professional Fees	682,046	-
Other current liabilities	90,000	-
DIP-Term Loan A	1,484,380	-
DiP-Term Loan B	294,124	-
DIP-Term Loan C	278,694	-
DIP - Term Loan D-Admin	2,424,039	-
Total DIP Financing- Post petition loans	4,481,237	-
Total Liabilities-Not Subject to Comp	5,408,935	-
<u>Liabilities-Subject to Compromise</u>		
Accounts Payable	3,996,344	3,909,307
Accrued Expenses	5,083,140	5,083,140
Other payables	91,000	91,000
Deferred Rental Income	80,491	80,491
Tenant Security Deposit Payable	15,071	62,308
Perkins A/P	1,774,483	1,774,874
Total Bonds Payable-Subject to Compromise	48,407,102	53,853,537
Total Liabilities subject to compromise	59,447,631	64,854,657
Total Liabilities	64,856,566	64,854,657
Fund Balance	(145,775)	(750,379)
Total Liabilities and Equity	\$ 64,710,791	\$ 64,104,279

See Notes to Financial Statements.

MOR-4

In re: Dowling College

Case No. 16-75545 (REG)

Reporting Period: 7/1/17 to 7/31/17

STATUS OF POSTPETITION TAXES

Federal	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No.	Ending Tax Liability
Withholding	No payroll tax liability. Gross payroll amount is remitted to the Payroll Service Company for the payment to the					
FICA-Employee	appropriate taxing authority.					
FICA-Employer						
Unemployment						
Income						\$ -
Other						-
Total Federal Taxes	\$ -	\$ -	\$ -			\$ -
State and Local						
Withholding	See Note Above					
Sales & Use						\$ -
State Income Tax						-
Excise						-
Unemployment						-
Real & Personal Property						-
Other						-
Total State and Local	-	-	-			-
Total Taxes	\$ -	\$ -	\$ -			\$ -

SUMMARY OF UNPAID POSTPETITION DEBTS (1)

Attach aged listing of accounts payable.

Number of Days Past Due	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable (2)	\$ 105,301					\$ 105,301
Wages Payable						-
Taxes Payable						-
Rent/Leases - Building						-
Rent/Leases - Equipment						-
Secured Debt/Adequate Protection Payments	4,481,237					4,481,237
Professional Fees (3)	682,046					682,046
Amounts due to Insiders*						-
Other - Accruals and deposits payable	140,351					140,351
Total Postpetition Debts	\$ 5,408,935	\$ -	\$ -	\$ -	\$ -	\$ 5,408,935

(1) Excludes liabilities recorded for deferred income or other accounting recognition adjustments.

(2) Includes consultants, such as site planner and claims servicer retained through bankruptcy court and fees subject to court order payment procedures.

(3) Subject to court order payment procedures.

* "Insider" is defined in 11 U.S.C. Section 101(31).

MOR-5

In re: Dowling College

Case No. 16-75545 (REG)

Reporting Period: 7/1/17 to 7/31/17

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		
Net Accounts Receivable at the beginning of the reporting period		\$ 730,867
+ Amounts billed during the period		
- Amounts collected during the period		\$ 4,309
- Allowances, Reserves & Write-Offs		
Net Accounts Receivable at the end of the reporting period		\$ 726,558
Accounts Receivable Aging (Gross)		
0 - 30 days old		
31 - 60 days old		
61 - 90 days old		
91+ days old		\$ 1,452,091
Adjustments & Write-Offs		
Total Accounts Receivable (Gross)		
- Unapplied Cash		
- Bad Debt Reserve		\$ 725,533
- Sales Return Reserve		
- Sequester Reserve		
- Contractual Allowances		
+ Other AR Activity		
Accounts Receivable (Net)		\$ 726,558

Note: The Accounts Receivable includes many small balances due from former students dating back to when the College was operating. The Debtor continues to evaluate these receivables and determine the net realizability of such accounts.

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all post petition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s).		X